THE Tobacco SITUATION

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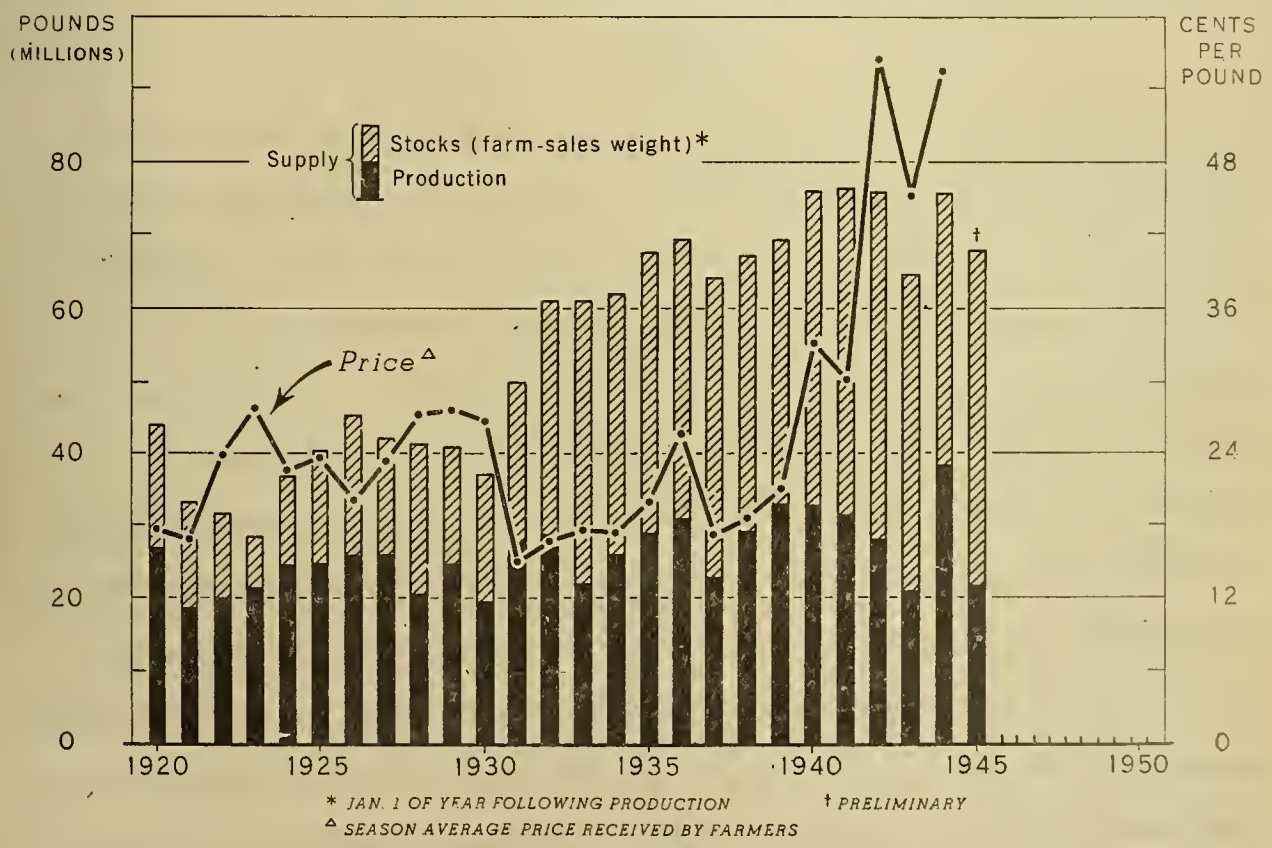
MARYLAND TOBACCO: SUPPLY AND PRICE IN THE UNITED STATES, 1920-45



U. S. DEPARTMENT OF AGRICULTURE NEG. 28229 BUREAU OF AGRICULTURAL ECONOMICS

Maryland tobacco auctions will open on May 21 to handle the 1945 crop which is 16.6 million pounds smaller than the 1944 crop and slightly larger than the 15-year low established in 1943. Stocks on January 1, 1946, were so large that the total supply of Maryland tobacco is estimated to be only slightly below a year earlier. Cigarette production in the year beginning July 1, 1945, will probably fall below that of a year earlier. However, this decrease in demand for Maryland leaf is being offset by an increase in the exports of Maryland tobacco.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board, April 22, 1946

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SUMMARY

The high level of disposable income in the hands of individuals is keeping the consumption and production of tobacco products at or near the wartime levels, despite a reduction in industrial employment. Cigarette production (as measured by tax-paid and tax-free withdrawals) should total around 320 billion in the fiscal year 1946, compared with 340 billion in the fiscal year 1945. Increased cigar supplies available to civilians have resulted in greater domestic consumption in recent months. Smoking tobacco consumption and production are expected to recover from wartime lows while chewing tobacco and snuff consumption are decreasing from wartime peaks.

Record high returns from their 1945 crop encouraged flue-cured tobacco growers to plan for a 1946 acreage 9 percent greater than 1945, according to the recent prospective plantings report. Acreage allotments to individual farms were increased 10 percent, and the national goal, 7.5 percent over 1945. Exports and civilian consumption will be up but military consumption will be down during the 1945 crop marketing year thereby resulting in a smaller disappearance than for 1944. In view of larger carry-over this July 1, and

prospects for a larger crop this year supplies for the year beginning July 1 will probably be the highest on record.

Burley tobacco growers received an average of 39.4 cents per pound for their estimated record 1945 crop which placed receipts from farm sales at the second highest level on record. The decline in burley prices compared with the previous year forcibly called attention to the high level of burley stocks, and arrangements were made to reduce individual farm acreage allotments for the 1946 crop by 10 percent below the 1945 allotments. According to March 1 prospective plantings, the 1946 aggregate acreage will be 4 percent smaller than 1945. Assuming normal yields, supplies of burley during the 1946 crop marketing year will be at record levels. No material increase is anticipated in demand for burley.

Supplies of Maryland tobacco for the year beginning January 1, 1946, were down compared with a year earlier. With a smaller supply accompanied by a little change in demand for Maryland tobacco for cigarettes and an increase in export demand for Maryland leaf, the 1945 crop of Maryland tobacco will be marketed under more favorable conditions than the 1945 crop of burley. However, it appears that the supply of Maryland tobacco for the year beginning January 1, 1947, will be at an all time high if the 46,000 acres which growers intended to plant as of March 1 produce at about the 1941-45 average yield and if disappearance continues according to present expectations.

Prices of dark tobacco were unusually high during the marketing season just closed. The price of fire-cured tobacco advanced from 24.5 cents for the 1944 crop to 31.9 cents for the 1945 crop. Likewise, the price of dark air-cured tobacco advanced from an average of 23.3 cents per pound for the 1944 crop to 25.3 cents for the 1945 crop. Returns to growers from the 1945 crops of both dark air-cured and fire-cured tobacco were the highest since the predepression period. In response to the favorable prices and incomes, growers of fire-cured tobacco reported prospective plantings on March 1 at 20 percent over aggregate acreages

harvested in 1945. In contrast, growers of dark air-cured tobacco intended as of March 1 to reduce their acreage to 11 percent under that harvested in 1945. Though both intended acreages are below previously announced goals, the direction of intended adjustments in acreages seem justified by supply and demand conditions.

Disappearance of cigar type tobacco has evidently been high during the marketing year beginning October 1, 1945. Total stocks of cigar type tobacco will probably be considerably lower on October 1, 1946, than in any recent year. According to the March 1 report, growers intend to increase their acreages of filler types 13 percent, binder types 14 percent and wrapper types 10 percent compared with the 1945 harvested acreage.

PRODUCTION AND DEMAND FOR TOBACCO PRODUCTS

Production and consumption of tobacco products in the United States is continuing at a high level but below wartime peaks. Tax-free withdrawals of cigarettes, largely for military use, are running at about one-fifth last year's level, but tax-paid cigarettes going through retail civilian channels exceed the level of last year by about 33 percent. Total cigarette production for the year ending July 1, 1946, is estimated at 320 billion compared with 340 billion a year earlier. Currently, production of smoking and chewing tobacco and snuff is running considerably below last year's level. Disposable income in the hands of individuals is continuing at near record levels but industrial production in February stood at 154 (1935-39=100) compared with 236 a year earlier. The index of employment of industrial workers stood at 124.6 (seasonally adjusted 1935-39=100) in January compared with 157.5 a year earlier.

Cigarettes

January production of cigarettes for civilian consumption, as measured by tax-paid withdrawals, ran at the highest January level in history. Production facilities available have been applied more to the manufacture of tax-paid cigarettes which have increased while the withdrawals of tax-free cigarettes decreased from 19.6 billion in the first two months of 1945 to 4.0 billion in the first two months of 1946. Also, high withdrawals during January represent a recovery from a more than seasonal low in December. While increases in tax-paid withdrawals (a rough measure of civilian consumption) have not offset decreases in tax-free withdrawals (a rougher measure of military consumption) during the first two months of this calendar year as contrasted with the first two months of the last calendar year, actual per capita (both civilian and military) consumption has probably increased. This is so because the quantity of tax-free cigarettes withdrawn but not consumed immediately by United States forces 1/

1/ The quantity of tax-free cigarettes withdrawn for use by the armed forces but not consumed immediately respresents cigarettes (1) used to fill military pipe lines, (2) destroyed by enemy action and by accident, and (3) going into illicit foreign markets.

has been reduced more than enough to offset the decrease of 3.3 billion which occurred in the production of cigarettes (as measured by both tax-free and tax-paid withdrawals) between the first two months of 1945 and the first two months of 1946.

An analysis by the Bureau of Agricultural Economics, indicated an average upward trend in cigarette consumption, not associated with changes in disposable income, of 6.4 billion cigarettes per year in the period 1918 to 1941 1/. The analysis also indicates that in the same period consumption increased or decreased an average of 8.7 billion cigarettes, after allowing for the trend, for each 10 billion dollar increase or decrease in disposable income in the hands of individuals. During 1942 and 1943, cigarette production for civilians and the armed forces was greater than would be expected from the above analysis--enough greater to allow for: (1) most of the extra cigarettes required to fill ever-extending armed services pipe lines, (2) the increase in consumption of cigarettes overseas at 5 cents a pack, (3) quantities that moved into illicit foreign markets, and (4) military destruction (sinkings, bombings, fires, etc.). In 1944, military takings of tax-free cigarettes were so large that production for civilians fell considerably short of the demand generated by the high level of disposable income in the hands of consumers. The tight cigarette situation continued into 1945 though lesser severity as production was expanded somewhat beyond the high levels of 1944. With the end of the fighting, first in Europe and then in Asia, military takings fell off to such an extent that the civilian demand was almost being met by the end of 1945.

From a study of both tax-paid and tax-free withdrawals, July 1945 to January 1946, compared with the corresponding months a year earlier, it appears that about 320 billion cigarettes will be produced in the year ending June 30, 1946. This production of 320 billion cigarettes, if adjusted for excess consumption 2/ by the armed forces, would be comparable to a production in prewar years of approximately 295 billion cigarettes.

Cigars

Domestic consumption of cigars during the calendar year 1945, as indicated by sales of revenue stamps, amounted to 5.0 billion, 5 percent more than 1944. Sales of revenue stamps for cigars in February 1946 exceeded the February 1945 sales by 18 percent, reflecting increased supplies resulting from reductions in tax-free withdrawals and some increase in demand from returning GI's who had been smoking tax-free cigars. Internal Revenue figures on tax-paid withdrawals indicate that the trend toward higher priced cigars which began about two years ago is continuing into the peace period at a somewhat reduced rate. The return of the GI from overseas and the release of tax-free cigars formerly going overseas are not expected to reverse this trend in the near future. During the war, GI's purchased good quality tax-free cigars whenever available and, on return to the civilian economy, they will tend to continue to do so as long as they have a high level of income.

1/ See special article in this situation report.
2/ In addition to the three categories listed in footnote 1, page 4, excess consumption in this sense includes the increase in consumption which occurs overseas with cigarettes readily available at 5 cents a pack.

Smoking Tobacco

The 169 million pounds of smoking tobacco produced in the calendar year 1945 was the lowest since 1934. However, in October following V-J day, monthly smoking tobacco production exceeded the levels of the corresponding month a year earlier, but production in the last three months of 1945 did not exceed that of the last three months of 1944. The return of war plant workers to more normal pursuits may bring about an increase in the production and consumption of smoking tobacco.

Chewing Tobacco and Snuff

Production of chewing tobacco decreased from 125 million pounds in 1944 to 118 million pounds in 1945. Chewing tobacco production for the last two months of 1945 totaled 15.3 million pounds compared with 21.2 million pounds the last two months of 1944. Thus, chewing tobacco consumption which increased in World War II, as in World War I, with the increasing employment in war and industrial plants where smoking is prohibited, has passed its peak.

The situation with respect to snuff is quite similar. Snuff consumption, as measured by tax-paid withdrawals, started to decline in November relative to the corresponding month a year earlier and tax-paid withdrawls in the last two months of 1945 totaled 6.7 million pounds compared with 7.4 million pounds a year earlier.

FLUE-CURED, TYPES 11-14

March Intentions Point To Large 1946 Acreage

According to the recent release of the Crop Reporting Board, the Acreage of flue-cured tobacco which growers intend to plant in 1946 totals 1,179,500 acres, an increase of 9 percent over the 1,078,300 acres harvested in 1945. At the 1941-45 average yield of 1,006 pounds per acre, the intended plantings would yield slightly more than the 1,175,420 thousand pounds of 1945 when the record yield of 1,090 pounds per acre was obtained.

On January 8 the Secretary of Agriculture proclaimed a 10 percent increase in the 1946-47 national flue-cured tobacco marketing quotas established earlier. The flue-cured tobacco goal, announced on January 25, called for more than a 7.5 percent increase in the over-all harvested acreage.

Larger Supplies Indicated for Year Beginning July 1.

Though below the record high of 1944, disappearance of flue-cured tobacco in the 1945 crop marketing year is continuing at a high level and is now estimated at around 1,095 million pounds. It is anticipated that both exports and domestic disappearance will fall slightly below last year's levels. Exports of flue-cured tobacco on an export weight basis, decreased from 212.7 million pounds in the first seven months of the 1944 crop marketing year to 194.5 million pounds in the first seven months of the 1945 crop marketing year. About 435 million pounds (farm-sales weight) are likely to be exported during the 1945 crop marketing year compared with 454 million pounds in the 1944 crop marketing year.

An analysis of the current stock situation and the current rate of cigarette production in relation to the corresponding period a year earlier indicates that around 660 million pounds of flue-cured will be used domestically in the crop marketing year ending June 30, 1946. On the basis of these estimates and a total supply of 2,301.7 million pounds during the 1945 crop marketing year, a carry-over on July 1, 1946, of over 1,200 million pounds is indicated. A carry-over of 1,200 million pounds plus a 1946 crop of 1,240.6 million pounds from the indicated acreage, assuming 1941-45 yields, would place total flue-cured tobacco supplies for the marketing year beginning July 1, 1946, at record high levels. However, demand should continue strong. Domestic demand for the 1946 crop will be only slightly below that existing during the marketing year for the 1941 crop, and further improvement of international trade relations may increase the foreign demand for flue-cured during the 1946 crop marketing year.

Table 1.-Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-45 1/

Year	Production	Stocks July 1	Total Supply	Disappearance year beginning July 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	741.0	844.9	1,585.9	704.3	22.9
1939	1,170.9	946.3	2,117.2	707.5	14.9
1940	759.9	1,409.7	2,169.6	576.7	16.4
1941	649.5	1,592.9	2,242.4	783.0	28.1
1942	811.7	1,459.5	2,271.2	892.4	38.4
1943	790.2	1,378.8	2,169.0	980.2	40.2
1944	1,089.7	1,188.8	2,278.5	1,152.2	42.4
1945 2/	1,175.4	1,126.3	2,301.7		43.3

1/ Farm-sales weight. 2/ Preliminary.

BURLEY, TYPE 31

Record End-of-Season Stocks Predicted

For the year beginning October 1, 1945, burley supplies (carry-over plus production) totaled 1,362.4 million pounds. Preliminary estimates for the 1945 crop season place domestic disappearance at around 440 million pounds and exports at around 15 million pounds. On this basis, the carry-over on October 1, 1946 would be around 910 million pounds, about 150 million pounds above a year earlier and higher than any carry-over on record.

Growers Intend To Reduce 1946 Acreage

The high level of burley tobacco stocks in relation to its small export market and the somewhat reduced demand for cigarette tobacco was forcibly brought to the attention of burley tobacco growers by the December break in prices. As a result, enabling legislation was passed to permit a reduction in 1946 burley tobacco quotas.

On February 21, after consulting with grower, trade and manufacturer representatives, the U. S. Department of Agriculture announced a 10 percent reduction in the national marketing quota and farm acreage allotments for the 1946 crop of burley tobacco. Allotments totaled 558,000 acres and, according to the recent release of the crop reporting board, growers intend to plant about 509,400 acres in 1946. This would represent about 91 percent of their allotments and would be 4 percent less than the 531,600 acres harvested in 1945 when growers actually harvested about 87 percent of their alloted acreage.

If the expected acreage is planted and harvested at the 1941-45 average yield of 1,053 pounds per acre, the crop will total 536.4 million pounds, 67 million pounds less than the 1945 crop, but 81 million pounds in excess of the estimated disappearance in the 1945 crop marketing year.

Average Price for 1945 Crop 39.4 Cents; Returns To Growers Still High

Sales of the 1945 crop of burley tobacco began December 3 and ended March 15. Gross sales totaled approximately 606 million pounds at an average of 39.4 cents a pound, or a gross sales value of 238.8 million dollars. However, cash receipts to growers will be less by the amount of adjustments for resales and much below the all-time-high cash receipts of 260.3 million dollars from the 1944 crop.

During the first week of sales, December 3 to 9, the average price was 47.5 cents per pound; by the last week of sales, March 11 to 15, the average price had fallen to 28.6 cents per pound. The more than seasonal decline during the marketing season evidently resulted from a reappraisal, by manufacturers, of the burley supply situation and the factors underlying prospective demand for cigarettes. The following three factors were probably the most important: first, 1945-46 burley supplies exceeded the previous high of a year earlier by 81.4 million pounds with no significant export market to absorb the increase; second, tax-free cigarette withdrawals, largely for overseas military forces, fell from about 29.6 billion in the last three months of 1944 to about 4.1 billions in the last three months of 1945, while approximately 6 million servicemen returning from overseas could be expected to take only around 4-1/2 billion quarterly at the 1945 rate of consumption per civilian 20 years of age and older; and third, the possibility of a somewhat lower level of disposable income in the hands of civilians in the 1946-48 period during which the 1945 crop of burley would be used. The steady upward trend in cigarette consumption was not important enough to offset the price depressing factors listed above which applied particularly to burley.

Looking ahead to the 1946 crop marketing season and, assuming a 1946 crop of 536.4 million pounds, it appears that all three of the price depressing factors listed above will be present. Thus, at present, it appears that the average price which farmers will receive for the 1946 crop of burley will be below that which they received for the 1945 crop. This likelihood is increased by the downward trend of burley prices during the marketing year which left closing prices more than seasonally below the season average price.

Table 2.- Burley tobacco: Domestic supplies, disappearance and season average price, average 1934-38, annual 1939-45 1/

Year	Production	Stocks October 1	Total Supply	Disappearance year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	287.2	700.9	988.1	314.5	22.2
1939	395.4	684.1	1,079.5	317.2	17.3
1940	375.3	762.3	1,137.6	339.6	16.2
1941	336.8	798.1	1,134.9	379.6	29.2
1942	343.5	755.3	1,098.8	412.8	41.8
1943	391.4	686.0	1,077.4	426.2	45.6
1944	591.5	651.2	1,242.7	483.7	44.0
1945 2/	603.4	759.0	1,362.4		39.4

1/ Farm-sales weight. 2/ Preliminary.

MARYLAND, TYPE 32

Disappearance of 1944 Crop In Calendar Year 1945 Was Up

The 1945 calendar year disappearance of Maryland tobacco is now placed at 29.6 million pounds which indicates that supplies for the year beginning January 1, 1946 were about 67.8 million pounds, or 8 million less than on January 1, 1945. From 80 to 85 percent of Maryland tobacco produced is used in the production of cigarettes and it is estimated that cigarette production in the calendar year 1946 will be below that of 1945. Thus, in the case of Maryland tobacco, supplies are down along with prospective production of cigarettes. Further, a significant export market exists for Maryland tobacco. It appears, therefore, that prices for the 1945 crop will be strong. Auctions for this crop will not open until May 21.

Growers Plan 28 Percent Increase in Acreage; Large 1946 Supplies Foreseen

The recent crop report indicates that growers plan to increase the acreage of Maryland tobacco from 36,000 acres in 1945 to 46,000 acres in 1946, an increase of 28 percent. At the 1941-45 average yield of 711 pounds per acre, the indicated acreage would result in a production of 32.7 million pounds. Domestic disappearance in the calendar year 1946 will probably fall below the 1945 disappearance in proportion to the anticipated decrease in cigarette production. On the other hand, exports will probably increase about a corresponding amount leaving total disappearance about the same for the two years. On this basis, and assuming a 1946 crop of 32.7 million pounds, supplies of Maryland tobacco for the year beginning January 1, 1947, will be about 71 million pounds. However, this tobacco had a relatively large prewar export market. If significant exports develop, the depressing effect of a relatively high supply level on the price of the 1946 crop will tend to be offset.

Table 3.- Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-45 1/

Year	Production	Stocks January 1 following year	Total Supply	Disappearance yr. beginning Jan. 1 of following yr.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	27.5	38.4	65.9	27.5	19.7
1939	32.8	36.3	69.1	25.9	21.1
1940	32.6	43.2	75.8	30.8	33.0
1941	31.2	45.0	76.2	28.5	30.1
1942	28.1	47.7	75.8	32.0	56.5
1943	20.8	43.8	64.6	27.0	45.3
1944	38.2	37.8	75.8	29.6	55.5
1945 2/	21.6	46.2	67.8		

1/ Farm-sales weight. 2/ Preliminary.

DARK TOBACCO
(Fire-cured, types 21-24 and dark air-cured, types 35-37)

Prices of Fire-cured and Dark Air-cured Above a Year Ago

Demand for both fire-cured and dark air-cured tobaccos has been strong this season. Exports of fire-cured tobacco increased from 17.8 million pounds, farm-sales weight, in the crop marketing year ending September 30, 1944, to 63.9 million pounds in the crop marketing year ending September 30, 1945, thereby far more than offsetting a decrease in domestic consumption of 4.8 million pounds. Exports of dark air-cured tobacco increased from 3.2 million pounds in the crop marketing year ending September 1944 to 6.2 million pounds in the year ending September 30, 1945. During the same period, domestic consumption increased 1.2 million pounds. With unusually strong export demand, the price of fire-cured tobacco advanced from an average of 24.5 cents per pound for the 1944 crop to 31.9 cents in 1945. On the basis of some increase in both domestic and export demand, the price of dark air-cured tobacco advanced from an average of 23.3 cents per pound for the 1944 crop to 25.3 cents for the 1945 crop.

Returns to Growers Highest Since Predepression Period

Growers of fire-cured tobacco (types 21-23) received about 16.8 million dollars from their 1945 crop, the highest since the predepression period. Receipts from the 1944 crop amounted to 15.7 million. Growers of dark air-cured tobacco (types 35-37) received about 12.3 million dollars from their 1945 crop, also the highest since the predepression period, and about 2 million dollars more than for the 1944 crop.

Table 4.--Dark Tobacco: Production, average price, and crop value, 1944 compared with 1945

Type	1945 Crop: Production	1945 Crop: Average price per pound	1945 Crop: Crop Value	1944 Crop: Production	1944 Crop: Average price per pound	1944 Crop: Crop Value
	1,000 pounds	Cents	1,000 dollars	1,000 pounds	Cents	1,000 dollars
Fire-cured						
21	15,600	32.4	5,054	14,155	24.5	3,468
22	33,425	32.7	7,660	34,200	25.2	8,631
23	13,800	29.4	4,057	15,625	22.9	3,575
Dark air-cured						
35	29,380	24.9	7,316	24,945	21.4	5,347
36	16,275	24.7	4,020	16,500	24.7	4,076
37	2,992	33.6	1,005	3,069	31.5	967

Growers Plan 20 Percent Increase In Fire-cured Acreages

Growers responded to the 30 percent increase in fire-cured tobacco prices this year as compared with last by indicating their intentions to plant an acreage of fire-cured tobacco 20 percent greater than the 1945 acreage of 63,100 acres. The indicated acreage amounts to (1) 96 percent of the previously announced 1946 goal of 78,500 acres and (2) 92 percent of the acreage expected from the 1946 marketing quotas which were increased on February 19.

If the 1946 prospective acreage averages 950 pounds per acre, the average 1941-45 yield, production of fire-cured tobacco would amount to 71.7 million pounds, 8.8 million more than in 1945. As it appears that total disappearance in the 1945 crop marketing year will be about 25 million pounds less than disappeared in the 1944 crop marketing year, but somewhat larger than 1946 expected production, total supplies in the 1946 crop marketing year may be somewhat less than the total of 194.7 million pounds during the 1945 crop marketing year. Assuming a relatively high level of exports, the 1946 crop will move to market under favorable demand conditions.

Growers Plan a 10 Percent Cut In Dark Air-cured Acreage

Prospective acreage of dark air-cured tobacco is 11 percent below the 41,200 acres harvested in 1945. This acreage amounts to (1) 94 percent of the 1946 goal of 43,800 acres and (2) 103 percent of the acreage expected from the 1946 marketing quotas as increased on February 19.

If the 1946 prospective acreage of dark air-cured tobacco averages 981 pounds per acre, the average 1941-45 yield, production of dark air-cured tobacco will amount to 40.4 million pounds, 8.2 million less than in 1945. As it appears that the total disappearance in the 1945 marketing year will about equal the 41.8 million pounds which disappeared in the 1944 marketing year, total supplies for the 1946 marketing year may be about the same as the 109.0 million pounds during the 1945 marketing season. The 1946 crop should move to market under favorable over-all supply and demand conditions.

Table 5. - Dark tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-45: 1/

Year	Production	Stocks October 1	Total Supply	Disappearance year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
			TOTAL ALL DARK TOBACCO		
ire-cured types 1-24, and dark air-cured, types 35-37					
Average 1934-38	145.7	257.0	402.7	162.0	10.0
1939	143.6	192.3	335.9	128.7	9.5
1940	150.1	207.2	357.3	99.7	9.0
1941	101.2	258.3	359.6	111.0	13.4
1942	106.7	248.6	355.3	110.2	16.4
1943	94.8	245.1	339.9	108.7	24.6
1944	108.6	231.2	339.8	147.6	24.0
1945 2/	111.5	192.2	303.7		29.0
			Fire-cured		
otal types 21-24					
Average 1934-38	110.2	194.2	304.4	123.0	10.2
1939	99.4	136.2	235.5	93.9	10.6
1940	107.[illegible]	141.6	249.2	65.3	9.5
1941	69.7	183.9	253.6	69.0	14.1
1942	71.5	184.6	256.1	76.3	17.1
1943	64.8	179.8	244.6	71.1	23.4
1944	64.1	173.5	237.6	105.8	24.5
1945 2/	62.9	131.8	194.7		31.9
			Dark air-cured		
otal types 35-37					
Average 1934-38	35.5	62.8	98.3	39.0	9.4
1939	44.2	56.1	100.3	34.7	7.3
1940	42.5	65.6	108.1	33.7	7.7
1941	31.5	74.4	106.0	42.0	12.0
1942	35.2	64.0	99.2	34.0	15.2
1943	30.0	65.3	95.3	37.6	27.2
1944	44.5	57.7	102.2	41.8	23.3
1945 2/	48.6	60.4	109.0		25.3

1/ Farm-sales weight.
2/ Preliminary.

CIGAR TOBACCO

Disappearance High; Lower Stocks October 1, 1946 Foreseen

Total disappearance of domestically produced cigar type tobacco in the 1945 crop marketing year is expected to exceed the 135.8 million pounds which disappeared in the 1944 crop marketing year. Exports for the first four months of this crop marketing year total 3.6 million pounds (farm-sales weight) while only 5.4 million were exported in the entire 1944 marketing year. Tax-paid withdrawals of cigars the first five months of this season exceeded those in the corresponding months of the 1944 crop marketing season by about 12 percent. Before concluding that this increase measures the increase in the disappearance of cigar tobacco, allowances must be made for (1) decreases in tax-free withdrawals since the end of the war (for which current data are not available), and (2) a possible increase in the proportion of foreign cigar tobacco used in this year's tax-paid withdrawals.

With some increase in total disappearance this year over that of the 1944 crop marketing year, stocks of cigar tobacco on October 1, 1946, will be somewhat below a year earlier.

Table 6.-Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-45 1/

Year	Production	Stocks Oct. 1 2/	Total Supply	Disappearance year beginning October 1 2/	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	3/ 99.2	335.7	434.9	123.8	17.1
1939	137.7	269.4	407.1	108.4	18.6
1940	144.0	297.5	441.5	146.1	17.4
1941	143.1	305.4	448.4	131.3	20.4
1942	118.5	317.2	435.7	143.2	25.8
1943	108.8	292.5	401.3	133.1	37.8
1944	127.8	268.2	396.0	4/135.8	36.0
1945 4/	129.5	260.2	389.7		

1/ Farm-sales weight.
2/ Stocks and disappearance for types 56 and 62 are as of July 1.
3/ Production was unusually low during this period.
4/ Preliminary.

Growers Plans Increase of 13 Percent In Acreage of All Cigar Tobacco

According to the March 1 crop report, growers plan to increase their acreages of all types of cigar tobacco to 102,600 acres or 113 percent of the 1945 acreage. The greatest increase in intentions to plant occurred in the filler and binder types which increased 13 and 14 percent respectively in contrast to the wrapper types which increased only 10 percent.

The indicated acreages of cigar type tobacco, at the 1941-45 average yield for each type, would produce 144.8 million pounds, 15.3 million pounds in excess of the 1945 crop. On the same basis, 62.2 million pounds of filler types would be produced in contrast to 56.8 million pounds from the 1945 crop, 70.3 million pounds of binder types in contrast to 61.7 million from the 1945 crop, and 12.3 million pounds of wrapper types in contrast to 11.0 from the 1945 crop.

Lower October 1, 1946 Stocks and Increased Acreage Indicate About Same Level of Supplies For 1946 Marketing Season

The 144.8 million pounds of cigar tobacco which the 1946 indicated acreage would produce at the 1941-45 average yield, by types, plus an October 1, 1946 carry-over of around 245 million pounds of domestic cigar tobacco places supplies in the 1946 marketing year in the neighborhood of 390 million pounds. This highly preliminary figure approximates the total supply of 389.7 million pounds in the 1945 marketing season and compares with the 1934-38 averages of 434.9 million pounds. When filler, binder and wrapper types are considered separately, it is probable that supplies may be down slightly in the case of filler types, up slightly in the case of binder types and about the same in the case of wrappers.

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Table 7. - Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-45 1/

Type and Year	Production	Stocks October 1: 2/	Total Supply	Disappearance year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total filler types 41-44					
Average 1934-38	48.2	158.8	207.0	53.8	10.5
1939	62.3	139.5	201.8	53.2	11.6
1940	66.5	148.6	215.1	58.1	11.9
1941	71.5	157.0	228.5	61.8	12.4
1942	53.7	166.7	220.4	66.8	13.2
1943	47.4	153.6	201.0	55.6	18.6
1944	59.3	145.5	204.7	61.8	19.5
1945 3/	56.8	142.9	199.7		
Total binder types 51-56					
Average 1934-38	41.8	165.1	206.9	60.5	12.4
1939	63.2	116.6	179.8	45.0	16.6
1940	68.0	136.0	204.0	67.3	14.5
1941	61.5	136.7	198.2	60.4	16.9
1942	55.6	137.8	193.4	66.8	20.3
1943	51.4	126.6	178.0	69.4	30.3
1944	57.2	108.6	165.8	63.5	30.9
1945 3/	61.7	102.3	164.0		
Total wrapper types 61-62					
Average 1934-38	8.4	10.7	19.1	8.9	78.3
1939	11.4	10.8	22.2	9.3	67.7
1940	9.5	12.9	22.4	10.7	75.8
1941	10.1	11.7	21.8	9.1	98.4
1942	9.2	12.7	21.9	9.6	132.1
1943	10.0	12.3	22.3	8.1	168.0
1944	11.3	14.2	25.5	10.5	148.0
1945 3/	11.0	15.0	26.0		

1/ Farm-sales weight.
2/ Stocks for types 56 and 62 are as of July 1.
3/ Preliminary.

Table 8.- Tobacco acreages in the United States, by types, average 1934-38, annual 1944 and 1945, and 1946 prospective acreage as of March 1

Class and type	Harvested acreages: Average 1934-38	1944	1945	1946 acreage 1/: Prospective	Change from 1945
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Percent
Total flue-cured, types 11-14	863.2	1,014.3	1,078.3	1,179.3	+ 9
Old and Middle Belt, type 11	327.1	368.0	389.0	425.0	+ 9
Eastern North Carolina, type 12	296.6	339.0	353.0	385.0	+ 9
South Carolina, type 13	155.7	193.0	213.0	235.0	+10
Georgia-Florida, type 14	83.8	114.3	123.3	134.3	+ 9
Total fire-cured, types 21-24	135.2	63.5	63.1	75.5	+20
Virginia, type 21	23.1	14.9	16.0	14.4	-10
Ky. and Tenn., type 22	76.7	33.0	33.0	42.0	+27
Ky. and Tenn., type 23	32.4	15.5	14.0	19.0	+36
Henderson, type 24	3.0	.1	.1	.1	0
Burley, type 31	347.3	500.6	531.6	509.4	- 4
Maryland, type 32	36.7	45.0	36.0	46.0	+28
Total dark air-cured, types 35-37	42.0	40.4	46.1	41.2	-11
One Sucker, type 35	19.9	22.1	27.2	22.4	-18
Green River, type 36	18.8	15.0	15.5	15.5	0
Va. sun-cured, type 37	3.3	3.3	3.4	3.3	- 3
Total cigar filler, types 41-44	38.0	39.9	39.4	44.7	+13
Pa. Seedleaf, type 41	23.4	33.6	35.3	38.1	+ 8
Miami Valley, types 42-44	14.6	6.3	4.1	6.6	+60
Total cigar binder, types 51-56	28.9	36.4	39.9	45.6	+14
Conn. Valley Broadleaf, type 51	7.2	7.8	8.2	9.2	+12
Conn. Valley Havana Seed, type 52	5.4	6.8	6.6	7.3	+11
N. Y. and Pa. Havana Seed, type 53	.7	1.2	1.1	1.3	+18
Southern Wisconsin, type 54	8.9	9.9	11.7	14.0	+20
Northern Wisconsin, type 55	6.7	10.5	12.1	13.5	+12
Ga. and Fla. sun-grown, type 56	2/ .4	.2	.2	.3	+50
Total cigar wrapper, types 61-62	8.9	10.5	11.2	12.3	+10
Conn. Valley Shadegrown, type 61	6.3	7.3	8.1	8.9	+10
Ga. and Fla. Shadegrown, type 62	2.6	3.2	3.1	3.4	+10
Miscellaneous	.3	.4	.3	.3	0
La. Perique, type 72	.3	.4	.3	.3	0
Total, all types	3/1,500.5	1,751.0	1,845.9	1,954.3	+ 5.9

1/ Indicated March 1, 1946. 2/ 3-year average 1936-38, not included in total for binder types. 3/ Does not include type 45-56.

Table 9.- Tax-paid withdrawals of tobacco products in the United States, Calendar years 1944 and 1945, and July-January 1944-45 and 1945-46 1/

Products	Calendar year 1944	Calendar year 1945	Change	July-January 1944-45	July-January 1945-46	Change
	Millions	Millions	Percent	Millions	Millions	Percent
Small cigarettes	239,285	267,622	+ 11.4	140,857	174,690	+ 24.0
Large cigarettes	27	82 2/	+204.4	28	20 2/	- 27.3
Large cigars	4,786	5,014	+ 4.8	2,843	3,049	+ 7.3
Small cigars	140	98	- 30.2	70	56	- 20.5
Snuff 3/	42,035	43,630	+ 3.4	23,900	24,602	+ 2.9
Manufactured tobacco 3/	251,783	270,211	+ 7.3	162,803	150,838	- 7.4

1/ Tax-paid withdrawals include products from Philippine Islands and Puerto Rico. After January 1942 tax-paid withdrawals from Phillippine Islands are not included.
2/ Based on actual, not rounded figures.
3/ Thousand pounds.

Table 10.- Production of manufactured tobacco in the United States, calandar years 1944 and 1945, and July-December 1944 and 1945

Manufactured tobacco	Calandar year 1944	Calandar year 1945	Change	July-December 1944	July-December 1945	Change
	1,000 pounds	1,000 pounds	Percent	1,000 pounds	1,000 pounds	Percent
Smoking	139,874	168,627	+ 20.6	82,724	81,675	- 1.3
Plug	61,656	59,637	- 3.3	30,897	29,311	- 5.1
Twist	6,467	6,691	+ 3.5	3,264	3,175	- 2.7
Fine-cut	4,094	4,040	- 1.3	2,071	2,043	- 1.4
Scrap chewing	52,883	47,807	- 9.6	27,583	21,533	-21.9
Snuff	41,960	43,832	+ 4.5	20,500	20,678	+ .9

Table 11.- Tobacco: Cash income, by States, calendar years 1943-45

State	1943	1944 1/	1945 1/	Change (1944-45)
	1,000 dollars	1,000 dollars	1,000 dollars	Percent
Mass.	4,562	1,862	7,796	+318.7
Conn.	18,033	5,489	22,725	+314.0
N. Y.	210	134	336	+150.7
Pa.	5,783	7,432	10,468	+ 40.9
Ohio	7,846	5,737	8,568	+ 49.3
Ind.	3,819	4,617	5,832	+ 26.3
Wis.	4,738	6,363	8,017	+ 26.0
Minn.	92	149	206	+ 38.3
Mo.	2,290	2,900	3,542	+ 22.1
Kans.	72	99	144	+ 45.5
Md.	15,888	9,435	21,229	+125.0
Va.	43,262	54,961	84,755	+ 54.2
W. Va.	997	1,122	1,420	+ 26.6
N. C.	223,419	317,817	378,897	+ 19.2
S. C.	33,641	56,865	61,159	+ 7.6
Ga.	25,180	34,396	49,552	+ 44.1
Fla.	8,593	7,699	9,841	+ 27.8
Ky.	106,882	137,643	219,253	+ 59.3
Tenn.	35,838	34,600	59,789	+ 72.8
Ala.	104	121	36	- 70.0
U. S.	541,249	689,441	953,565	+ 38.3

1/ Subject to revision.

Table 12.- Tobacco: Cash income, by classes and types United States, 1943-45

Calendar year	Flue-cured types 11-14	Light air-cured: Burley type 31	Light air-cured: Maryland type 32	Fire-cured types 21-24	Dark air-cured types 35-37	Cigar leaf, types 41-62	Total, types 11-62
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
1943	317,463	149,746	15,888	12,094	5,125	40,933	541,249
1944 1/	453,703	177,874	9,435	15,321	9,749	23,359	689,441
1945 1/	556,254	233,288	21,229	16,016	10,254	56,524	953,565

1/ Subject to revision.

Table 13.- Tobacco: Production by types, United States, 1920-45

Year	Flue-cured types 11-14	Burley type 31	Maryland type 32	Fire-cured Type 21	Fire-cured Type 22	Fire-cured Type 23	Dark air-cured Type 24	Dark air-cured Type 35	Dark air-cured Type 36	Dark air-cured Type 37	All cigar types 41-62
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
Av. 1920-24 ..	481.6	275.2	22.3	41.3	104.4	68.9	12.7	45.6	49.2	6.6	196.3
1920	616.0	287.7	27.1	45.7	111.1	71.3	12.5	53.6	47.5	9.1	223.6
1921	358.8	175.7	18.6	24.7	87.3	50.1	8.3	28.3	34.6	4.0	212.9
1922	415.4	276.4	20.0	49.1	111.1	75.7	14.1	52.2	57.2	8.2	172.6
1923	580.7	340.4	21.4	43.7	120.1	83.0	14.5	55.1	59.0	6.2	192.2
1924	437.3	295.8	24.5	43.2	92.2	64.4	14.2	39.0	47.6	5.6	180.1
Av. 1925-29 ..	668.6	269.9	24.4	31.4	89.1	38.1	8.7	25.8	31.0	5.5	162.7
1925	575.1	277.8	24.7	42.1	97.3	57.4	14.0	35.5	51.0	5.7	194.4
1926	560.1	288.8	26.0	43.8	96.8	38.4	9.9	31.2	40.0	7.2	146.5
1927	718.8	176.2	26.2	26.6	64.2	18.5	4.2	13.1	18.1	5.5	139.0
1928	739.1	269.1	20.5	21.9	79.3	29.3	6.0	20.0	18.9	5.0	162.9
1929	750.0	337.4	24.8	22.8	107.7	47.0	9.4	29.3	26.9	4.1	170.8
Av. 1930-34 ..	639.9	341.5	25.0	21.7	87.4	33.5	5.5	21.3	24.1	2.5	134.4
1930	865.2	349.2	19.6	23.4	96.9	38.5	9.7	29.7	30.6	3.4	180.8
1931	669.5	424.8	28.1	28.3	103.9	47.4	7.2	23.2	40.5	3.2	187.7
1932	373.7	303.7	28.7	13.3	78.6	28.4	3.9	16.1	19.8	1.2	150.0
1933	733.4	377.5	22.2	24.9	78.5	22.0	3.0	18.6	11.1	2.0	78.4
1934	557.8	252.2	26.2	18.4	79.2	31.2	3.9	18.9	18.7	2.7	75.1
Av. 1935-39 ..	863.6	315.9	28.9	18.8	58.5	24.4	1.8	17.7	15.8	2.8	111.7
1935	811.2	222.1	28.7	20.4	68.1	25.8	3.0	13.2	15.2	2.8	91.5
1936	682.8	220.4	30.8	18.1	56.4	23.2	2.0	11.0	11.2	2.6	104.4
1937	866.3	402.2	22.8	20.1	68.6	28.2	2.1	25.2	19.8	3.0	110.6
1938	786.8	339.2	29.2	14.5	44.4	22.0	1.4	16.4	14.8	2.2	114.3
1939	1,170.9	395.4	32.8	20.9	54.9	22.9	.6	22.9	17.9	3.3	137.7
Av. 1940-44 ..	820.2	407.7	30.2	13.5	43.1	18.8	.2	19.5	14.6	2.6	128.5
1940	759.9	375.3	32.6	18.7	62.3	26.2	.4	21.9	17.5	3.1	144.0
1941	649.5	336.8	31.2	11.7	40.4	17.4	.2	15.7	13.6	2.2	143.2
1942	811.7	343.5	28.1	13.3	40.3	17.8	.2	17.9	14.9	2.4	118.6
1943	790.2	391.4	20.8	9.8	38.2	16.8	.1	17.0	10.9	2.1	108.8
1944	1,089.7	591.5	38.2	14.2	34.2	15.6	.1	24.9	16.5	3.1	127.8
1945 1/	1,175.4	603.4	21.6	15.6	33.4	13.8	.1	29.4	16.3	3.0	129.6

Compiled, 1920-28, from First Annual Report on Tobacco Statistics: 1929-40, Annual Report on Tobacco Statistics, 1942; 1941-1945 from reports of the Bureau of Agricultural Economics, Crop Reporting Board.

1/ Preliminary.

RELATIONSHIP OF UNITED STATES CIGARETTE CONSUMPTION TO DISPOSABLE INCOME AND TO TREND 1918-45

Changes in cigarette consumption 1/ in the United States are largely accounted for by changes in disposable income in the hands of individuals and yearly trend. As indicated by the charts on page 21 , there was an average upward trend in cigarette consumption, not associated with changes in disposable income, of 6.4 billion cigarettes per year in the period 1918 to 1941. In the same period cigarette consumption, after allowing for the trend, increased or decreased an average of 8.7 billion in direct relationship with each 10 billion dollar change in disposable income.

During 1942 and 1943 civilian cigarette consumption as measured by tax-paid withdrawals plus tax-free withdrawals for the armed forces was greater than expected from the above analysis--enough greater to a little more than account for the "extra" cigarettes required by the armed services (1) to fill their ever extending pipe-lines, (2) to offset the increase in consumption which occurs overseas with cigarettes really available at five cents a pack, (3) to offset the quantities which moved into illicit foreign markets, and (4) to offset military destruction (sinkings, bombings, fires, etc.). "Adjusted consumption" 1942 to 1945 (denoted in the charts on page 21 by ⊕) represents tax-paid withdrawals, largely for civilian use, plus tax-free withdrawals for the armed services minus an adjustment for the "extra" withdrawals by the armed forces. "Extra" withdrawals are considered to be the difference between tax-free withdrawals for the armed forces and the quantity which United States personnel overseas would have consumed at the rate 2/ of consumption by civilians, 20 years and older, and is presumed to have been used for the four purposes listed above.

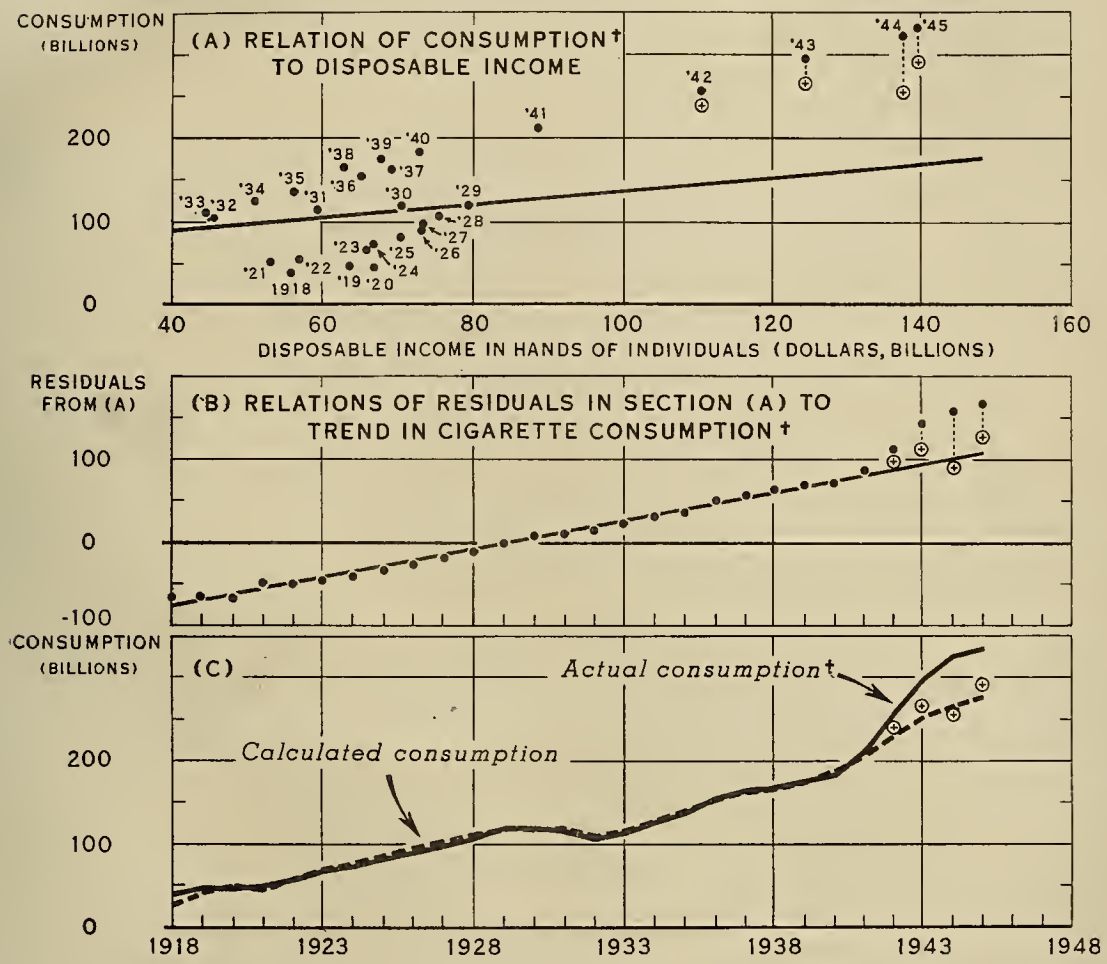
In 1944 military takings of tax-free cigarettes were so large that the quantities which the industry could produce for continental United States fell short of the demand generated by disposable income in the hands of consumers and "adjusted" consumption was less than expected from the 1918-41 relationships.

The tight situation which developed in 1944 continued into 1945 despite some expansion in cigarette production and civilian consumers did not get as many cigarettes as they demanded until late in the year. However, due to the quantities used to refill civilian trade channels, "adjusted" consumption in 1945 exceeded that expected from the 1918-41 relationships.

1/ In this study, United States cigarette consumption is assumed to equal tax-paid withdrawals from 1918-37, tax-paid withdrawals plus tax-free withdrawals not exported 1938-42, and tax-paid withdrawals plus tax-free withdrawals for armed forces 1943-45.

2/ The rate of cigarette consumption by civilians, 20 years and older in 1944 was adjusted upward from 2760 to 3000 because of the cigarette shortage in continental United States.

RELATIONSHIP OF U. S. CIGARETTE CONSUMPTION TO DISPOSABLE INCOME AND TO TREND, 1918-45*



* REGRESSIONS FITTED 1918-41 ($X_1 = -28.14 + .87X_2 + 6.45X_3$)

⊕ TAX-PAID WITHDRAWALS PLUS THE DIFFERENCE BETWEEN TAX-FREE WITHDRAWALS FOR THE ARMED FORCES AND THE QUANTITY WHICH U. S. PERSONNEL OVERSEAS WOULD CONSUME AT THE RATE OF CONSUMPTION BY CIVILIANS, 20 YEARS AND OLDER.

† CONSUMPTION EQUALS TAX-PAID WITHDRAWALS 1918-37, TAX-PAID WITHDRAWALS PLUS TAX-FREE WITHDRAWALS NOT EXPORTED 1938-42 AND TAX-PAID WITHDRAWALS PLUS TAX-FREE WITHDRAWALS FOR ARMED FORCES 1943-45

U. S. DEPARTMENT OF AGRICULTURE NEG. 45927 BUREAU OF AGRICULTURAL ECONOMICS

X_1 Consumption 1/	X_2 Disposable Income 2/	X_3 Year	X_1 Consumption 1/	X_2 Disposable Income 2/	X_3 Year	X_1 Consumption 1/	X_2 Disposable Income 2/	X_3 Year
Billion cigarettes	Billion dollars		Billion cigarettes	Billion dollars		Billion cigarettes	Billion dollars	
37.9	55.9	1918	105.9	75.4	1928	165.3	62.9	1938
44.8	63.5	1919	119.0	79.6	1929	173.9	67.7	1939
44.6	66.8	1920	119.6	70.7	1930	182.8	72.9	1940
50.9	53.1	1921	113.5	59.6	1931	210.2	88.7	1941
53.6	57.0	1922	103.6	45.6	1932	254.6	110.6	1942
64.5	65.9	1923	111.8	44.5	1933	296.5	124.6	1943
71.0	66.7	1924	125.6	51.0	1934	323.3	137.4	1944
80.0	70.6	1925	134.6	56.3	1935	332.1	139.7	1945
89.4	73.2	1926	153.2	65.2	1936			
97.2	73.5	1927	162.6	69.2	1937			

1/ See ⊕ on chart.
2/ This represents the amount of money available to consumers either for spending or saving. This series is computed by deducting direct personal taxes from income payments. Dept. of Commerce.

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